

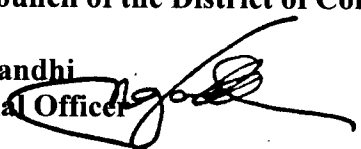
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: January 27, 2009

SUBJECT: Fiscal Impact Statement: "WMATA Compact Amendment Act of 2009"

REFERENCE: Bill 18-81, As Introduced

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would amend Article III of Title III of the Washington Metropolitan Area Transit Regulation Compact ("Compact") to provide the federal government with decision-making power proportionate to its funding contribution to the Compact, to establish the position of an Inspector General, and to clarify the sources of funds for matching payments. Specifically, the proposed legislation would:

- Add two Directors to the Washington Metropolitan Area Transit Authority ("Authority") Board of Directors from the federal government, to be appointed by the Administrator of General Services;¹
- Provide that the federally-appointed Directors may participate in Board deliberations and voting only during any federal fiscal year in which there is an appropriation for grants to the Authority in an amount of at least \$150 million authorized by Title VI of the proposed

¹ Currently the Board of Directors includes two Directors from each signatory to the Compact: Maryland, Virginia, and the District of Columbia.

federal Passenger Rail Investment and Improvement Act of 2008 ("federal Act"), as amended;

- Provide that the federally-appointed Directors would cease to exist upon the expiration of authorization for funding by the United States Congress for grants to the Authority in Title VI of the proposed federal Act;
- Add the position of Inspector General as an officer of the Authority and enumerate the duties of the Inspector General; and
- Provide that payments upon a commitment of a signatory (Maryland, Virginia, or the District) for the purpose of matching federal funds appropriated in any given fiscal year pursuant to the authorization in Title VI of the proposed federal Act, or any successor thereto, should be from amounts derived from sources of funding that are earmarked or used to match such federal appropriations.

Any amendments to the Compact must be approved by the legislatures of each signatory and the United States Congress before they can take effect.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation. The Authority has indicated to the Office of the Chief Financial Officer (OCFO) that the position of Inspector General is fully funded in their FY 2009 budget.² The Authority has also confirmed with the OCFO that the two federally-appointed Directors would be funded through the General Services Administration or another federal government entity.

The District has already satisfied the provision of the proposed bill requiring signatories to earmark funds to match federal grants made through Title VI of the proposed federal Act. The WMATA Fund Act of 2006 (D.C. Law 16-132) required the District to establish a dedicated fund funded by revenue equal to 0.5% of retail sales tax for the purpose of matching such federal grants made to the Authority.³

The WMATA Fund Act would be applicable only after Maryland, Virginia, and the federal government pass their respective legislation, and Maryland and Virginia dedicate matching revenues to the Authority. Until such time, the Council is authorized to use revenues dedicated to the WMATA Fund for other enumerated purposes (see footnote # 3 for more information).

² Because WMATA is a separate authority, its budget is not a part of the District's budget and financial plan, and therefore its internal budget decisions have no direct fiscal impact.

³ The Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008 (A17-695; enacted 1/16/09) amended the WMATA Fund Act of 2006 by changing the required funding amount to the WMATA Fund from 0.5% of sales tax revenue to 5.7% of general sales tax revenue (net of dedicated taxes). A17-695 also authorized Council, under certain enumerated circumstances, to use portions of funds dedicated to the WMATA Fund for other purposes in a given fiscal year if the OCFO certifies that the conditions required to make the WMATA Fund Act effective are unlikely to be met in that fiscal year. See the text of A17-695 for more information: <http://www.dccouncil.washington.dc.us/images/00001/20090108160321.pdf>